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August 30, 2002

WRITTEN EX PARTE

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

Re: WC Docket No. 02-150

Dear Ms Dortch:

Attached to this letter are responses to questions to which the staff in the Wireline Competition Bureau has requested that BellSouth respond in writing.

In accordance with Section 1.1206, I am filing two copies of this notice and the accompanying attachments and request that you please place them in the record of the proceeding identified above. Thank you.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz

Attachment

cc: Michelle Carey
Greg Cooke
Aaron Goldberger
Gina Spade
Matthew Brill
Daniel Gonzalez
Jordan Goldstein
Chris Libertelli
Susan Pié
James Davis-Smith

Responses the FCC Staff Questions from 8/27/02

FCC Question #1

Question: To address concerns raised by NewSouth, could BellSouth post on one of its CLEC websites the identity of each of BellSouth's switches in which translations work will be performed and the date upon which that translations work will be performed?

Response: BellSouth cannot provide a precise, pre-determined schedule of all translation activity due to the enormous scope and complexity of this work. In some limited cases, translations work can be tentatively scheduled in advance. Examples include central office switch replacements or revised call routing plans. Information regarding some of these activities (for example, switch replacements) is available from other sources such as Telcordia's Local Exchange Routing Guide ("LERG"). However, a great deal of other translations work cannot be scheduled in advance because this work is done in response to network outages or other problems that simply cannot be anticipated. In addition as discussed below, other network changes may be required in conjunction with translation changes, again making the establishment of a fixed schedule not possible. Finally, it should be noted that this activity occurs throughout the entire BellSouth network, which includes approximately 1600 switching entities. Some translations are as simple as adding a feature to a customer's line while other translations are extremely complex and if done incorrectly can have significant impact on successful call completion for a large quantity of customers.

To address NewSouth's concerns, BellSouth met at length with New South's officers at a meeting in Greenville, South Carolina on August 7, 2002. A specific area of focus at that meeting related to verification of proper translations to effect NewSouth's desired routing plans. Translations verification work is done as time permits and is prioritized behind more critical translations tasks such as working service orders and resolving customer trouble conditions. The work to accomplish translations verification is interleaved with other work required of BellSouth's translations specialists within BellSouth's Network Infrastructure Service Centers ("NISCs"). BellSouth operates a total of ten (10) NISCs in its region. There is a single NISC in each state in BellSouth's nine-state region except in Florida where BellSouth operates two (2) NISCs. The first work step in the translations verification process is for a BellSouth technician to examine the translations in a given switch and compile a list of all incorrect translations. No translations work is performed during this step. Required translation changes are performed after all required coordination and trunk augmentations are completed. This required coordination and prerequisite activity make it difficult to provide and adhere to a schedule set in advance for translation changes.

To provide the status of translation verification activity, BellSouth has agreed to furnish New South with a monthly status report, which depicts BellSouth's progress in each LATA in BellSouth's region. This report shows the percentage of BellSouth's Routing

Verification activities completed as of the date of the report. Information is provided for access tandem switches, local tandem switches, and end office switches. BellSouth sent the first of these reports to NewSouth on August 26, 2002, and committed to distributing such a report going forward on a monthly basis. BellSouth is hopeful that this report will resolve NewSouth's concerns regarding BellSouth's efforts to resolve any identified translations errors.

In addition, BellSouth has also committed to contact NewSouth whenever BellSouth's technicians begin to work on NewSouth's translations or trunk groups. For example, BellSouth is currently working with NewSouth on a trunk augmentation in Mobile, Alabama. The need for this augmentation arose as a result of BellSouth's translations verification work. It was also determined that NewSouth needs to add 48 trunks to three (3) different trunk groups before BellSouth effectuates the translations to re-route the traffic. Once these trunk groups are augmented, BellSouth will again notify NewSouth prior to performing the traffic re-route. This situation again highlights the complex nature of translations work and other interrelated activities such as trunk augmentations.

In summary, BellSouth believes the activities it has undertaken with NewSouth, including the reports it is now producing and providing to NewSouth and the ongoing translations verification work, will allay NewSouth's concerns.

FCC Question #2

Question: Please respond to the data reliability issues raised by AT&T in its August 23 *ex parte*.

Response: Contrary to AT&T's assertions in its August 23, 2002 ex parte addressing data integrity issues, BellSouth has proven that its performance data are reliable.

Metrics Change Notice Process

In its *ex parte*, AT&T alleges that BellSouth has made unauthorized or unilateral and substantive changes to its metrics and failed to provide 60 days notice for changes. AT&T also contends "the Georgia PSC's Order governing the metrics change control process has not served as an effective deterrent to unauthorized metrics changes."

BellSouth has provided written notice of changes to its metrics since May 2002, when it filed its April data notice. Since the July 19, 2002 Georgia PSC Order memorializing the notification process, BellSouth has made one filing, on August 1, 2002, addressing the proposed changes for the September data month and the preliminary list of changes targeted for the October data month. This filing was made in accordance with the rules and timing set forth in the Georgia Order:

> *"On the first business day of the month preceding the data month for which BellSouth proposes to make any change to the method by which its performance data is calculated, BellSouth will provide written notice of any such proposed*

changes... At the same time BellSouth will provide written notice of any changes BellSouth is considering making to the following data month..."

The changes proposed for September data in the August 1, 2002 notice were reviewed with the CLECs and the Georgia PSC at the August 7, 2002 industry conference call. To date, no CLECs have filed objections to changes proposed in the notice.

The process ordered by the Georgia PSC provides a 60-day notice period between the date of filing the proposed changes and the first day of the data month in question, and a 90-day notice period from the date of filing to the day BellSouth will actually post the final results for that data month. This is certainly adequate notice of changes, especially given the regularly scheduled conference calls held by BellSouth to address the changes. Moreover, AT&T was on the August 7, 2002 industry conference call and raised no objections to the proposed changes for the September data month.

AT&T is incorrect in its assertion that BellSouth did not provide adequate notice of changes included in the September data notification filed on August 1, 2002. AT&T bases its claims on the fact that BellSouth both added and deleted change proposals originally included on the Preliminary September 2002 Data Notification filed on July 1, 2002 from the final list of change proposals filed with the September 2002 Data Notification on August 1, 2002. Although BellSouth does its best to project the list of change proposals that will be prioritized for future development in a given data month, both the Georgia PSC and the CLECs are well aware that the preliminary list may be modified by the time the final list of change proposals is filed in accordance with the order. The important point, however, to rebut AT&T's position is that the Georgia PSC timeline for the filing of BellSouth's final list of change proposals still provides the 60-day advance notice before the data is produced.

In ¶47 of the Bursh/Norris Reply affidavit, AT&T notes that BellSouth implemented a change to its metrics platform "without sufficient notice or commission approval." This change was listed on BellSouth's Preliminary September 2002 Data Notification filed on July 1, 2002, but was removed from the final list because BellSouth had already implemented the change. This change addressed the fundamental data transfer process between RADS and the PMAP v4.0 Warehouse, and was implemented to improve the operating efficiency of the PMAP v4.0 platform. This change had no impact to the metrics business logic, data exclusions, or calculation methodology and should not have been included in the data notification process per the guidelines set forth in the Georgia PSC Order. AT&T's claims are without merit.

In footnote 11 of its *ex parte*, AT&T purports to provide an example of the significance of BellSouth's alleged "unilateral" metrics changes. Specifically, AT&T asserts that 0.29% of the total mechanized LSRs received region-wide were included in the March 2002 *Percent Flow Through* results, but were inappropriately excluded from the denominator of the March 2002 *Percent Rejects* results. AT&T overlooks BellSouth's explanation for this difference, as noted in its reply to this Commission. As clearly stated in Varner's Reply Affidavit ("Varner Reply") at ¶42, these LSRs were excluded from the

Percent Rejects measure due to inadequate product codes or unidentified state codes. Further noted in the Varner Reply is the fact that *Percent Flow Through* is a regional measure with only four levels of product disaggregation (Residence Resale, Business Resale, UNE, and LNP). As a result, BellSouth is able to report certain LSRs with incomplete product or state information in the *Percent Flow Through* results because state-specific reporting and detailed product mapping algorithms are not required for these reports. On the other hand, the *Percent Rejects* results are reported on a state-specific basis and require 23 levels of product disaggregation. BellSouth cannot, with any level of confidence, map these same LSRs with inadequate or incomplete product or state information to the more exacting *Percent Rejects* submetric results reports. As such, these LSR records do not contain enough information to be reflected in the measure.

Data Reconciliation Process Issues

BellSouth fully addressed AT&T's mischaracterizations of the data reconciliation process in the Varner Reply and believes it has demonstrated that AT&T's characterization of these events is incorrect. Varner Reply ¶¶15–21. With respect to the seven issues discussed at the July 23, 2002 meeting between AT&T and BellSouth, each of these issues was initially responded to in a timely manner. Due to follow up questions by AT&T, the issues were carried forward until a face-to-face meeting could be arranged. At the face-to-face meeting, AT&T agreed that it was satisfied with the resolution of the issues discussed.

AT&T characterizes the issues discovered at the meeting as "significant." BellSouth disagrees and refers the Commission to the full discussion of each of these issues in Varner's Reply affidavit at ¶¶15-21. As Mr. Varner describes, each of these issues has either been resolved, or the required fix is scheduled and pending.

The extent that AT&T overstates the significance of issues is evidenced by its resuscitation of the situation in which AT&T could not access over 4,000 LSRs in BellSouth's March 2002 OCI Raw Data File due to a batch processing code. As Mr. Varner described, all of AT&T's transaction records were present in the published raw data file and the measurement results. However, BellSouth identified a defect in the OCI raw data batch processing code required to download these raw data files from the PMAP website. BellSouth has corrected this issue and provided AT&T with a complete March 2002 OCI raw data file in July. This issue had no impact on reported results or the raw data files posted to the PMAP website.

PriceWaterhouseCoopers (PWC) Metrics Audit

AT&T also alleges that the Commission should not rely on the PWC audit of BellSouth's PMAP v4.0 data.

First, AT&T questions why BellSouth chose PWC to conduct this audit instead of either using KPMG to perform the work, or waiting for the results of the ongoing KPMG audit in Florida. AT&T goes on to suggest that since KPMG "has uncovered significant deficiencies in" BellSouth's performance data, BellSouth must have chosen "PWC because it is dissatisfied with KPMG's preliminary findings in Florida." Nothing could be further from the truth.

BellSouth engaged PWC to conduct a focused audit of the PMAP v4.0 platform, limited to specific Ordering and Provisioning measures, to provide additional validation of the accuracy of the PMAP v4.0 data. The PWC audit results are not meant to replace the KPMG metrics audits being conducted in Georgia and Florida, but rather to augment the proof of the reliability of BellSouth's PMAP v4.0 data. Finally, BellSouth is not at all dissatisfied with the results of the KPMG audits in Georgia and Florida. In fact, the results of these audits support the reliability of BellSouth's performance data. The results of the PWC testing only corroborate that evidence.

AT&T attempts to discredit another aspect of PWC's test methodology by referring to PWC's conclusion that BellSouth successfully transferred data records from RADS to the PMAP v4.0 Warehouse as "unremarkable." The first stage of PWC's analysis concluded that BellSouth accurately and completely extracted data records from its legacy source systems into the PMAP v4.0 Warehouse. By inference, each of these data records successfully passed through RADS to get from the legacy systems to the PMAP v4.0 Warehouse. As a result, AT&T's concern that PWC did not address "the more critical issue as to whether all transactions captured in RADS are transferred properly to the PMAP v4.0 Warehouse" is unfounded. The second stage of PWC's test methodology was geared toward validating that the information in selected key fields of the data records was not altered in any way by the application of business logic between RADS and the PMAP v4.0 Warehouse. By tracing a sample of transaction records from the PMAP v4.0 Warehouse back to RADS, PWC confirmed the reliability and consistency of this data transfer process without exception.

In footnote 13 of its *ex parte*, AT&T notes that PWC was unable to evaluate the audit trail of files transferred from the LEO9 legacy source system to PMAP v4.0 Warehouse because the requested log files were not available from BellSouth. While these data weren't available, the fact remains that the audit did address 13 other source systems (COG, D/OM, EDI, TAG, LENS, EXACT, LON, LEO7, SOCS, WFA-P, WFA-M, LMOS, and SOEG), including another version of LEO. In addition, PWC did trace transactions throughout the legacy systems and into PMAP to validate that all records were appropriately included and handled. PWC found those systems and processes addressed in its audit to be reliable.

Also in footnote 13, AT&T attempts to undermine the findings of the PWC audit by suggesting that such testing should have identified a specific Preliminary October 2002 Data Notice change request noted as item #7 in Varner's Reply Exhibit PM-5. AT&T is comparing two unrelated events. The PWC Audit simply addresses the accuracy with which legacy system data were loaded into PMAP. The item in the August 1, 2002 notice concerns an issue about the method by which the calculations were performed after the data were loaded. The PWC Audit did not address the calculation process. Furthermore, the impact of the notice item has been revised downward from 23% to 2.3% of retail orders. The PWC test confirmed that all of the data records extracted from

BellSouth's legacy source systems were accurately and completely accounted for in the appropriate PMAP v4.0 Warehouse data tables per BellSouth's documented April 2002 business rules.

Florida Audit

As discussed in the Varner Reply Affidavit at ¶83 and contrary to AT&T's comments, "none of the Florida exceptions (open or closed) related to the current SQM reveal any significant problems with BellSouth's performance data." In fact, as discussed in ¶85 of Varner's Reply, of the total of 36 exceptions issued by KPMG at the time of filing, 19 had no impact on reported results, 16 had less than a 0.5% impact on reported results outside of Florida, and one had a greater than 0.5% impact on reported results. Furthermore, BellSouth's analysis of each of these exceptions in Varner's Reply Exhibit PM-11 shows that none of the Florida exceptions identified by KPMG indicate systemic problems with BellSouth's reported results.

AT&T provides what it alleges to be several examples of data reliability issues in footnote 12 of its *ex parte*. None of these issues call into question the reliability of BellSouth's data. First, AT&T notes that KPMG concluded in its July 30, 2002 Final Report that it could not complete the metrics audit for PMAP v2.6 "because accurate and complete transformation documentation for data between the Staging and NODS steps was unavailable." Although this is a true statement, it does not indicate a problem with the quality of user documentation in PMAP v2.6. This statement applies to the PMR-4 part of the metrics audit. KPMG's approach to this test was to rewrite instead of audit coding for PMAP. KPMG was unable to complete this task under PMAP v2.6 before BellSouth converted to PMAP v4.0. Once the conversion occurred, it was pointless to continue PMR-4 testing under PMAP v2.6.

AT&T provides three recent Florida exceptions it contends are data reliability issues. Each of these exceptions is addressed below:

> ***Exception 176*** – KPMG identified a PMAP v4.0 data upload issue between LON and RADS, which inadvertently excluded the LSR transaction activity recorded on the final day of the calendar month. This issue was discovered while testing February 2002 data; however, as noted in Varner's Reply Exhibit PM-11, BellSouth produced its final results reports for that data month using the PMAP v2.6 platform. The data upload logic and process in PMAP v2.6 accounted for every day of the calendar month, and actually included LSR activity for an additional two days into the following calendar month. The LON-to-RADS data upload process was modified to resolve this issue beginning with March 2002 testing of PMAP v4.0, a month prior to the production of performance results from the PMAP v4.0 platform.
>
> ***Exceptions 178/179*** – These exceptions were issued on August 5, 2002. KPMG identified that BellSouth incorrectly excluded 9,876 records between the Snapshots and Data Marts for the Acknowledgement Message Timeliness and Acknowledgement Message Completeness measures. These data records had improperly extended company codes (buffered by spaces) and were excluded by an edit check looking for 4-digit company codes. This issue excluded 1.93% (9,876 of 512,879) of the acknowledgements from these measures. The small percentage of records excluded from the results would have no meaningful impact on the reported results. BellSouth proposed to correct this with October 2002 data, which is the earliest data month possible under the notice process.

AT&T also provides a list of references to other Florida exceptions addressed in the KPMG Final Report as further evidence that BellSouth's data are not reliable. BellSouth directs the Commission to Varner's Reply Exhibit PM-11 for further information refuting these claims.

Finally, AT&T asserts that KPMG "has refused to validate the accuracy of BellSouth's commercial data" in Florida, trying to imply that KPMG found material data integrity issues. This implication is incorrect. As a matter of process and principle, KPMG cannot attest to the accuracy of BellSouth's performance results in Florida until the metrics audit is complete. Any reputable auditor must take the same position. However, neither AT&T nor this Commission should infer from KPMG's position that BellSouth's data are not reliable.

FCC Question #3

Question: Are all FTTF requests classified as type 2?

Response: Yes, all FTTF change requests are classified as Type 2.

FCC Question #4

Question: Please respond to the assertion of AT&T that the penalties for change management and flow through are not high enough to provide an incentive for better performance.

Response: AT&T argues that the change control and flow through penalties adopted by the FPSC and GPSC are insufficient as an incentive for BellSouth to "conform its conduct to the requirements of Section 271."

With respect to the Percent Flow-Through metrics, as AT&T notes, the FPSC doubled the applicable penalty payments for non-compliance from the previous Tier 1 range of $450 - $1,350 (Month 1 – Month 6) to $900 - $2,700 (Month 1 – Month 6), and for Tier 2 from the previous amount of $700 to the current amount of $1,400. Payments for the Ordering category of measures, in which flow-through metrics are included, range from $40 - $90 per affected item for the Georgia SEEM and the Five State SEEM plans, and are applied on a per transaction basis. The Florida SEEM, which is applied on a per measure rather than a per transaction basis ranges from $900 - $2,700. As pointed out in BellSouth's initial filing, the principles of BellSouth's fee structure are similar to that of SWBT in the Texas plan in that: (1) it is stratified so that measures with a greater impact have greater penalties, and (2) penalties over time escalate in the event of repeated failures. *See* Varner Affidavit ¶ 250. Moreover, the Georgia flow-through penalties, which AT&T itself approximates, average $90,000 per month for Tier 1 and $150,000 per month for Tier 2 for December 2001 through May 2002 for one state in BellSouth's region. While this may not be a significant amount of money for AT&T, it is for BellSouth and will serve its intended purpose.

With respect to the CCP measures, BellSouth's SEEM plans use $1000 per affected item for all change management measures, not just the new metrics, which is more than sufficient for this measurement category. This is the same amount used for the change management metrics already accepted by this Commission in the Georgia and Louisiana plans. BellSouth has simply added three additional metrics to this category.

Irrespective of any consideration of the customer-impacting nature of identified performance results, AT&T consistently argues for the application of additional and excessive penalties. Notably, AT&T provides no data to support its position. Moreover, given that the FPSC just doubled the flow through penalties, no historical data exist. The FPSC, however, believes these penalties are sufficient. If they prove not to be sufficient, the FPSC can intervene to change the penalties; furthermore, the issue can, and should be addressed in the scheduled six-month review. Additionally, AT&T ignores the correlation between change management measures, flow-through measures and other measures with associated penalties. These correlations can result in double penalties for the same failure. For example, the change management measure Percent of Software Errors Corrected in X Business Days, is a SEEM metric. Many of the features in production releases, which would be reflected in this measure, are intended to improve flow-through rates and increase the number of products that can be electronically ordered. To the extent that there are defects in the parts of the production release concerned with ordering, it could reduce flow-through and impede BellSouth's ability to achieve flow-through benchmarks. Likewise, defects in production releases in ordering systems would very likely lengthen the time required to return a reject notification or a firm order confirmation.

Another important point that AT&T overlooks is that on the new CCP measures and the flow through measures, BellSouth is paying, or will pay, penalties on these measures in all nine states. Thus, while AT&T argues that one state's penalties may be insufficient (a point with which BellSouth disagrees), that argument certainly cannot be sustained when viewed on a region-wide basis.

Further, the effectiveness of an enforcement plan must be assessed by viewing the plan as a whole. The Georgia and Louisiana SEEM plans have been reviewed and accepted by this Commission, and BellSouth has already explained how the enforcement plans in the five states represented in this application are fundamentally the same as the Georgia/Louisiana plans. Moreover, as BellSouth stated in its initial filing, BellSouth has placed approximately $623 million at risk for the five states represented in this application. *See* Varner Affidavit ¶ 222. This represents from 36% to 44% of BellSouth's net revenues in the respective states. This amount is surely significant enough in magnitude to deter backsliding. However, AT&T chooses to extract three change management measures recently adopted by the FPSC and GPSC and the flow-through metrics from the overall consideration of BellSouth's SEEM plans and asks this Commission to ignore its prior decisions and the decisions of state commissions having already reviewed these complaints.

Importantly, the state commissions in BellSouth's region and this Commission have consistently rejected this recurring AT&T theme that the penalties adopted by state regulatory bodies are insufficient. Moreover, the state commissions have established review processes during which AT&T or any CLEC, can raise proposed modifications to the SEEM plan or the SQM. AT&T's complaints are best addressed in the already-existing process. Indeed, when faced with similar issues raised by AT&T during BellSouth's Georgia/Louisiana application, this Commission explained: "We reject these arguments....We believe that competitive LECs had sufficient opportunity to raise these issues in the state proceedings, and that the issues were appropriately handled by the workshops and the state proceedings." BellSouth GA/LA Order ¶ 298.